GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:1966
ANSWERED ON:11.12.2008
ALLOCATION OF KEROSENE DIESEL LPG AND PETROL TO STATES UNION TERRITORIES
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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) the monthly requirement of kerosene, diesel, LPG and petrol in each State/Union Territories;

(b) the quantity of kerosene, diesel, LPG and petrol supplied to each State/Union Territory during each of the last three years and current year;

(c) whether the Government is aware that there is acute shortage of kerosene, diesel, LPG and petrol in many States including Bihar, Orissa, Tamil Nadu and rural areas;

(d) if so, whether the Union Government has received requests from various States, particularly Bihar, Orissa, Tamil Nadu and Jharkhand for increasing the quotas of kerosene, diesel, LPG and petrol in favour of their States;

(e) if so, the details thereof and the action taken by the Union Government thereon;

(f) the steps taken to check the diversion/black marketing of kerosene/LPG and to ensure availability of these items at fair price to consumers; and (g) measures taken to increase the production of kerosene/LPG?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI DINSHA PATEL)

(a) & (b): There is no State-wise quota fixed by the Government for the allocation of petroleum products except for Public Distribution System (PDS) kerosene. PDS kerosene is allocated to the States/UTs on a quarterly basis. The details of the State-wise consumption of Petrol, Diesel, Liquefied Petroleum Gas (LPG) and Kerosene during the last three years and current year (April − October 2008) are at Annex 'A' to 'C'.

(c) to (e): This Ministry has not received any complaint about shortage of kerosene in the country during the current financial year. However, Government has received some complaints about dry-outs of petrol and diesel in some States. However, the Oil Marketing Companies (OMCs) have reported that they are meeting the full demand. Due to acute power shortage in some States, an increase in demand for diesel for power generation has been observed. OMCs are meeting such demand wherever it has been possible.

OMCs have reported that they ensure the availability of petrol and diesel in the country at all times and are supplying petrol and diesel to the ROs as per indents. OMCs have also reported that they have not restricted/curtailed supply of petrol and diesel to their ROs any where in the country.

Since, there is no State-wise quota fixed by the Government for Petrol, Diesel and LPG, the question of increase the quota for the same does not arise. However, the Government has received the requests for increase the quota of PDS Kerosene from the State Governments of Bihar, Orissa and Tamil Nadu. No such request has been received from the State Government of Jharkhand recently.

Various State Governments/Union Territories (UTs) have requested additional allocation of PDS SKO to meet urgent and emergent situations arising out of natural calamities such as flood, drought, earthquake, etc. The Government has responded to these requests promptly and made additional allocations to meet the special needs.

(f): The possibility of black marketing of Kerosene and Liquefied Petroleum Gas (LPG) by some unscrupulous elements cannot be ruled out due to huge price difference.

In order to check the black marketing of PDS kerosene, the Central Government have made provisions in the Kerosene (Restriction on Use and Fixation of Ceiling Price) Order, 1993, issued under the Essential Commodities Act, 1955, that dealers cannot sell PDS kerosene at a price higher than the price fixed by the Government or OMCs and that the PDS kerosene dealers should prominently display stock-cum-price board at the place of business including the place of store at a conspicuous place.

Under the Control Orders issued by the Government to prevent diversion and black-marketing of kerosene under the Essential Commodities Act, 1955, State Governments are empowered to take action against those indulging in black-marketing and other irregularities.

Government have also approved a pilot project for radically revamping the PDS kerosene distribution network with the primary objective of ensuring that this heavily subsidized product is actually made available in the required quantities at subsidized prices to the intended beneficiaries; and secondly, to thus cap, reverse and eventually eliminate the diversion of PDS kerosene for adulteration. One of the salient features of this scheme is that supplies to the sub-wholesale points will be made under the direct supervision and responsibility of the public sector OMCs. The scheme has been launched on a pilot basis in 414 blocks in the country from 2nd October, 2005.

With a view to checking diversion of subsidized kerosene and in order to monitor the movement of Tank Trucks transporting petroleum products, the Government have advised the public sector OMCs for installing Global Positioning System (GPS) based vehicle tracking system on all the tank trucks by 31.03.2007. The essential features of the system is that the vehicle carrying PDS kerosene is fitted with a device and can be tracked on real time basis from the time it leaves the supply location and till it reaches the destination.

To check adulteration in auto fuels, and also to check diversion of subsidized kerosene, Government have also advised OMCs to introduce marker in adulterants. Public sector OMCs have commenced introduction of marker in kerosene on all India basis with effect from 1.10.2006. Under the new system, Marker is being put in kerosene in all depots. This system heralds the introduction of world-class technology to curb and eventually eliminate the menace of adulteration of transportation fuels along the supply chain. With the marker's presence, adulteration even with very low levels of kerosene can be detected.

The following measures have been taken to prevent the diversion/black marketing of domestic LPG cylinders for commercial purposes:

(i) Under the LPG (Regulation of Supply and Distribution) Order, 2000 promulgated under the Essential Commodities Act, 1955 the diversion/black marketing of domestic LPG cylinders for commercial purposes by the distributors of public sector OMCs is prohibited. The State Governments are empowered to take action against erring distributors under the provisions of this Order. The State Governments have been alerted from time to time to take steps against the diversion of domestic cylinders for unauthorized usage.

(ii) The officials of public sector OMCs carry out random checks at distributors godown, delivery point, as well as en-route to ensure that no diversion/black marketing takes place. As per the MDG, in case established cases of diversion/black marketing of domestic LPG cylinder for commercial purposes, the following action is taken against the distributor.

(i) Fine of Rs 20,000 plus the price of LPG diverted at commercial rates for 1st offence.

(ii) Fine of Rs 50,000 plus the price of LPG diverted at commercial rates for 2nd offence, and

(iii) Termination of the distributorship for 3rd offence.

(g) To improve the production of petroleum products including kerosene/LPG, measures are being taken to improve the production of crude oil. Following steps are being taken to accelerate hydrocarbon exploration and production activities in the country to meet the growing demand: -

(i) Carving out and placing on offer more and more areas for exploration under various rounds of New Exploration Licensing Policy (NELP).

(ii) Quicker development of discovered reserves for enabling commencement of production.

(iii) Use of stimulation technique for increasing production from existing fields.

(iv) Application of Enhanced Oil Recovery (EOR)/Improved Oil Recovery (IOR) techniques for increasing recovery factor from existing fields.

(v) Arresting decline from ageing fields.

(vi) Acquisition of exploration acreages and producing properties overseas to bring in equity oil.

(vii) Substitution of oil through use of non-conventional sources of energy such as bio-diesel, ethanol, etc.

(viii) By additional refining capacity and residue up gradation projects.